

## CHAPTER XV

### THE FALL IN THE PRICE OF CONSOLS, AND THE AMERICAN CRISIS IN 1907

THE preceding chapters may be instructively illustrated by a brief record of the variations in the value of Consols, and an examination of the trading and monetary disturbance in America which occurred in 1907. The illustration extends beyond its particular scope, since the factors whose action was evident are apparent more or less decisively in all stages of commercial troubles upon an extended scale.

#### I.—CONSOLS

With a view to the detection of the recurrent causes of variation in the price of Consols the following brief history will enable an induction to be made by observing the conditions which are usually or always attended by the same results.

In 1801 the harvest was seriously deficient, and owing to the loss of this source of wealth, savings were reduced; the diminished demand compared with the unchanged supply of stocks resulted in a fall of price from 65J in the preceding year to 55J.

In 1802 the price rose to 69J- as large imports of foreign wheat relieved the stringency of the former year.

The renewal of the war with France in 1803 entailed a considerable expenditure and borrowing by the Government, and the price, by the diversion of money from the market for investments, declined to 54J.

In 1810 the prices of commodities generally showed a substantial rise, and excessive supplies of raw materials were attracted to manufacturing industries with a view to sharing in this increased profit. Money accordingly was almost exclusively devoted to carrying on the augmented trades, and